



## US Needs Energy Diversification, Senate Panel Told

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**WASHINGTON** -([Dow Jones](#))- Amid high oil prices and steadily rising energy demand, U.S. policymakers need to start implementing plans now to diversify energy supplies and work on curbing oil use in the world's largest consuming nation, industry experts told a Senate panel Thursday.

A growing reliance on imported oil, a trend toward greater government control of hydrocarbon resources as witnessed in Russia and Venezuela, soaring demand in China and India, and stagnant domestic production make the U.S. vulnerable to oil supply shocks, the experts told the Senate Committee on Energy And Natural Resources.

"A focus on supply and demand measures is critical," said Shell (RD) Senior Economist Andrew Slaughter. "Energy security of 2015 and beyond requires planning and policy today."

In his State of the Union Address Wednesday night, U.S. President George W. Bush backed energy conservation and alternative sources of energy, including hydrogen-fuel, clean coal, and ethanol, the development of a modernized electricity grid and greater reliance on domestic energy sources, including coal and nuclear.

According to Guy Caruso, the director of the Energy Information Administration, the statistical arm of the Department of Energy, U.S. energy demand will grow about 1.4% a year between 2003 and 2025. Net imports of energy are projected to meet a growing share of energy demand, rising to 38% of total U.S. energy consumption by 2025, compared to 27% in 2003.

Total petroleum demand will rise 1.5% annually to reach 27.9 million barrels daily by 2025 when net imports will account for 68% of demand, up from 56% in 2003.

"Dependence on foreign sources of oil is expected to increase significantly in China, India and the United States," Caruso said. "These three countries alone account for 45% of the world increase in projected oil demand. A key source of this oil is expected to be in the Middle East."

The best thing the U.S. can do right now, said Frank Verrastro, director of the energy program at the Center for Strategic and International Studies, is to develop its own natural resources and "do something on demand management."

Shell's Slaughter said industry was willing to invest in the new technology needed to make alternative fuel supplies like hydrogen and coal gasification more economical and accessible but companies needed to be reassured that there would be a steady market for such technology.

"There is a capacity to invest but basically it involves putting in seed capital of a fairly low level and then maturing the technology over a number of years until the market is ready," Slaughter said. "But we do need a stable market environment and a receptive consuming public and that involves making the country very conscious of the energy choices and the energy future that is available."

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